

1 Q Did you discuss the contents of the
2 memo with [REDACTED]?

3 A I don't remember.

4 Q I asked you this earlier. I just
5 want to make sure you answered it.

6 Did you forward the memo to any
7 other potential investors?

8 A I don't remember.

9 Q Did you forward the memo to anybody
10 else?

11 A Okay -- you said "other potential
12 investors.

13 I don't think these guys were
14 investors at the time.

15 (The witness examined the document.)

16 A But it's possible I forwarded it. I
17 don't remember.

18 Q If you turn to the first page. First
19 paragraph talks about "Ripple credits."
20 Earlier, you said that was the first name for
21 XRP, correct?

22 A Actually, no. I think that's just
23 what this memo referred to it as.

24 Q So, are they referring to XRP when
25 they refer to "Ripple credits"?

1 A I believe so, yes.

2 Q The first paragraph in the middle,
3 it says:

4 "We provided you our initial
5 analysis in a memo dated February 8th, 2012."

6 Did you see an earlier memo from Perkins from
7 February 2012?

8 A I vaguely remember that; it's
9 possible.

10 Q Did you forward that memo to anyone?

11 A I don't know.

12 Q Why don't you take a couple of
13 minutes and review the first pages. I'm going
14 to ask you questions about the first few pages
15 up until page 4. And then I'll ask you some
16 additional questions on page 7 and 8 and then
17 17.

18 A Sorry. Do you mind if we take a
19 break after this?

20 Q Do you want to take a break?

21 A Is that okay?

22 Q Yes, sure.

23 Do you want to take a break right
24 now?

25 A If it's possible. Honestly, now or

1 after, I can wait.

2 Q If you could wait, let's just -- if
3 you do not mind, we'll just finish this --

4 A -- okay --

5 Q If you need to take a break earlier,
6 I'm happy to do so as well.

7 A That's fine.

8 Q Actually, independent of the
9 document, what advice did the company receive
10 with respect to XRP's potential status as a
11 security?

12 A I don't remember.

13 Q Why don't you take a look at the
14 document.

15 A Okay.

16 (The witness examined the document.)

17 A Okay.

18 Q I also want you to take a look at
19 the recommendations on page 6 and 7 and 8 and
20 then also the analysis on page 16 and 17 and
21 18.

22 A Okay.

23 MS. WAXMAN: Off the record at
24 11:59.

25 (A brief recess was taken.)

1 MS. WAXMAN: Back on at 12:06.

2 Q Mr. Griffin, do you need a couple of
3 more minutes to review the document?

4 A Yes.

5 Q Sure.

6 A Okay.

7 Q Does this document refresh your
8 memory as to the legal advice the company
9 received regarding XRP whether it could be
10 deemed a security?

11 A No.

12 Q If you turn to page 4, Paragraph B,
13 there's a:

14 "Summary of conclusions and
15 recommendations concerning the application of
16 the federal securities laws on XRP."

17 It says, "we believe that there is
18 some risk, albeit small, that the SEC
19 disagrees with our analysis." Are they
20 talking about whether XRP could be deemed a
21 security?

22 A I don't know. I presume.

23 Q It says:

24 "The more the founders and company
25 promote Ripple credits as an investment

1 opportunity, the more likely it is that the
2 SEC will take action and argue that Ripple
3 credits are investment contracts and thus
4 securities under the federal securities laws."

5 It also says: "If Ripple credits
6 are purchased and sold in the secondary
7 market, individuals purchasing Ripple credits
8 may do so with the expectation of increased
9 value caused by increased demand and limited
10 supply. Although, we understand this rationale
11 to be incidental to the primary purpose, to
12 the extent that Ripple credits are purchased
13 with an expectation of profit because of the
14 efforts of company, founders and/or others
15 promoting Ripple credit, there is a risk that
16 Ripple credits will constitute investment
17 contracts and be subject to securities
18 laws --"

19 MS. COWAN: "Regulations."

20 MS. WAXMAN: Thank you.

21 Q "-- be subject to securities.
22 regulations. As discussed in more
23 detail below, we believe this risk
24 can be minimized through careful
25 marketing effort and/or by

1 obtaining a no action letter from.
2 the SEC."

3 Did you ever discuss whether to seek
4 no action relief from the SEC with anyone at
5 the company?

6 A I can't remember.

7 Q Did you ever discuss any of the
8 recommendations that I have just spoke about
9 in Paragraph B with anyone at the company?

10 A I don't remember.

11 Q What specific recommendations did
12 Perkins make in connection with XRP?

13 A Specific --

14 MR. HECKER: Sorry. Sorry. Wait.
15 Do you want him to just re-read what's here or
16 do you want if he's not looking at the
17 document does he remember what the
18 recommendations are? They're different.

19 MS. WAXMAN: Well, I think I asked
20 him already if he has any memory of what the
21 advice was. And he said he didn't have an
22 independent recollection.

23 MR. HECKER: I'm struggling. Are
24 you just asking him to read from the document
25 or interpret the document --

1 MS. WAXMAN: Yes. Yes --

2 MR. HECKER: -- since the document
3 is what it is; I'm just not sure why we would
4 use him for that.

5 Q Did lawyers recommend that the
6 company take certain steps to avoid XRP being
7 classified as a security?

8 MR. HECKER: In the memo you mean?

9 MS. WAXMAN: Sure.

10 Q In the memo?

11 A I mean, apart from what's there, I
12 don't remember.

13 Q Did counsel at Perkins recommend
14 that Ripple do certain things in order to
15 avoid XRP being classified as a security?

16 MS. COWAN: Are you asking if he
17 reads this as a recommendation?

18 MS. WAXMAN: The document says
19 "summary of recommendations and conclusions."

20 MS. COWAN: Okay. But it's a long
21 document; so are you asking him whether or not
22 he thinks Paragraph B includes
23 recommendations?

24 MS. WAXMAN: Yes.

25 A I think it does.

1 Q Do you recall discussing any of the
2 specific recommendations that are inside that
3 are in the document?

4 A No.

5 Q Did the company do anything as a
6 result of the legal advice that it obtained?

7 A I can't remember.

8 Q Did the legal advice affect the
9 company's business plan at all?

10 A No -- I don't -- I don't think it
11 did. I don't remember though specifically.

12 Q Did the legal advice affect how the
13 company distributed XRP?

14 A I don't -- I don't think so.

15 Q As a result of the legal advice, was
16 the company careful not to promote XRP as an
17 investment opportunity?

18 A I -- I don't know if it was -- no, I
19 don't -- I don't -- no.

20 Q As a result of legal advice, was the
21 company careful not to promote an expectation
22 of increased value for XRP?

23 A I don't know.

24 Q Earlier, we spoke about discussions
25 that you had with potential investors

1 regarding -- about how XRP would increase in
2 value, correct?

3 A Yes --

4 MR. HECKER: Wait. Wait. I don't
5 actually -- that's not how I recall his
6 testimony. I think he talked about the
7 possibility of it not that it would increase
8 in value.

9 Q The possibility that XRP would
10 increase in value?

11 A Okay.

12 Q Doesn't this memo say not to discuss
13 about the possibility about XRP's increase in
14 value?

15 A I don't know. I don't know how they
16 are being defined from one document to the
17 other.

18 Q If you look on page 7 of the memo,
19 Paragraph C --

20 A Okay.

21 Q -- the last sentence it says:

22 "Company should be careful in it's
23 approach to promoting and marketing the Ripple
24 network and Ripple credits; it will be
25 important that company and founders do not

1 mislead participants particularly with regard
2 to liquidity and expectations concerning the
3 value or safety of Ripple credits." Did you
4 ever discuss this recommend with anyone at the
5 company?

6 A I don't remember. It's possible. I
7 don't remember.

8 Q If you go down to F, last sentence
9 says, paragraph starts:

10 "Do not promote Ripple credits as
11 being an investment opportunity." Then the
12 last sentence says: "Founders and company
13 should make clear that it's mission is to
14 facility online commerce and not speculative
15 investment trading."

16 A Okay.

17 Q Earlier, we spoke about your
18 knowledge that people -- and tell me if I'm
19 mischaracterizing -- that people were
20 speculating in digital assets which included
21 XRP --

22 MR. HECKER: I think he was aware
23 that that might be happening; is that what you
24 said?

25 MS. WAXMAN: Yes.

1 A Yes, I said that.

2 Q Did you discuss that with anyone at
3 the company in light of this recommendation?

4 A I don't -- I don't know.

5 MR. DANIELS: Another question about
6 this one.

7 A minute ago you said you discussed
8 with investors the possibility of increasing
9 value from XRP; is that correct?

10 THE WITNESS: Yes.

11 MR. DANIELS: Here, after it says:

12 "Do not promote Ripple credits as
13 being investment opportunity." The next
14 sentence is:

15 "Actively promoting the trading
16 Ripple credits as an investment opportunity or
17 it's potential to increase in value could
18 result in regulatory scrutiny."

19 Did you ever have discussions around
20 that issue, the potential for XRP to increase
21 in value generating regulatory scrutiny?

22 THE WITNESS: With who?

23 MR. DANIELS: With investors in the
24 first instance.

25 THE WITNESS: Okay. Well, again, I

1 would go back to it's unclear to me when I
2 look at the document in values; it's talking
3 about price. And I'm just trying to be
4 careful defining "value," which is typically
5 we talked about liquidity, usefulness of the
6 asset and positive sort of externalities that
7 could come out of that which could be in the
8 form of price and value and things like that.

9 MR. DANIELS: Well, what was your
10 understanding at the time of what this was
11 talking about when it says, "potential to
12 increase value"?

13 THE WITNESS: I don't know. I don't
14 even know that I read this at the time, so.

15 MS. COWAN: Just to be clear. The
16 memo was written before he was with the
17 company.

18 MR. DANIELS: Correct. But you did
19 read the memo at the time in --

20 THE WITNESS: Maybe, I don't
21 remember.

22 MR. DANIELS: Could we turn back to
23 107.

24 In this exhibit, this is April 2013,
25 you send a copy of this memo to [REDACTED]

1 at [REDACTED] is that correct?

2 THE WITNESS: Yes.

3 MR. DANIELS: You say:

4 "There's a lot of details; so I
5 apologize for the length. Let me know how I
6 can help you process everything"; do you see
7 that?

8 THE WITNESS: Yes.

9 MR. DANIELS: Do you believe you had
10 an understanding of the memo such that you
11 could help him process everything?

12 THE WITNESS: It's possible. It may
13 have been that in the course of saying that, I
14 would have said, If you have questions, I'll
15 help you process it by getting our attorneys
16 on the line. I don't know. There's a lot of
17 ways it could have played out.

18 MR. DANIELS: Just to be clear.
19 You're saying now you're not sure whether you
20 read the memo?

21 THE WITNESS: I'm not sure how much
22 detail I read it. I'm not sure -- I'm sure I
23 opened up the document, I'm sure I flipped
24 through; it I may have read it in detail, I
25 may have not. I don't remember.

1 MR. DANIELS: Would it be your usual
2 practice to send something like this to a
3 potential partner without familiar riding
4 yourself with what your sending?

5 THE WITNESS: No. I -- again, 2013,
6 I had two months there. I don't even know
7 that I had permission to send this out. And
8 it seems like it is relevant, people were
9 interested in what the regulatory sort of
10 picture was around crypto currency and here
11 was the document that said here's a potential
12 way to look at this.

13 That's kind of what I remember how
14 this document factoring into my use.

15 MR. HECKER: Just make sure you're
16 meeting the question he's asking. If you
17 think you had a practice of sending stuff out
18 without --

19 THE WITNESS: Oh. No. No, I don't.

20 MR. HECKER: Do you remember one way
21 or the other?

22 THE WITNESS: No.

23 BY MS. WAXMAN:

24 Q Do you know if other people in
25 Ripple sent this memo outside of the company?

1 A No, I don't know.

2 MR. DANIELS: One more question.

3 Do you believe that in your role of
4 marketing the company to investors, it was
5 your obligation to understand the legal
6 issues?

7 THE WITNESS: Well, actually --

8 MR. HECKER: Wait. Wait. Wait.
9 "Obligation." Okay, go ahead.

10 THE WITNESS: Just to be clear. My
11 goal is not to market the company. So, I may
12 have been involved in marketing; but that was
13 not my role. I was not the head of marketing.

14 MR. DANIELS: Well, in your
15 involvement with marketing efforts with
16 potential investors --

17 THE WITNESS: Okay.

18 MR. DANIELS: -- did you see it as
19 your role or obligation to understand these
20 legal issues?

21 THE WITNESS: The regulatory issues?

22 MR. DANIELS: The regulatory issues.

23 THE WITNESS: It came up and it
24 definitely -- it definitely was probably
25 something we talked about or it was something

1 we talked about. I don't remember through the
2 shape of these conversations at this point.

3 Q This memo is from 2013. When did
4 you have other conversations later on in time
5 regarding XRP's potential status as a
6 security?

7 MS. COWAN: The e-mails from 2013?
8 You said the "memo."

9 MS. WAXMAN: Yes. I'm sorry. The
10 e-mail. Sorry.

11 Q The e-mails from 2013 you forwarded
12 in April 2013 --

13 A Yes --

14 Q -- the memo is from 2012. Did you
15 have any conversations after April 2013
16 regarding any of the advice contained in the
17 memo or whether or not XRP could be deemed a
18 security?

19 A Okay, that's a broad question, "any
20 of the advice."

21 So, if I take the memo to be broad
22 guidance around what the classification is, is
23 it crypto currency and -- what you said,
24 Ripple credits, XRP; we definitely talked
25 about that after this point, yes, it came up.

1 Q When did it come up?

2 A I can't remember specific dates. But
3 I mean, just to give you a sense certainly
4 there is the FinCEN action. I remember it
5 coming up then. How do you talk about this?
6 What is it? That's kind of it.

7 Q Were there other instances where it
8 came up? And I meant this as a very broad
9 question.

10 MR. HECKER: He just said that it
11 did but he doesn't recall a specific instance.

12 MS. WAXMAN: Well, he just recalled
13 the FinCEN incident.

14 Q So, I'm asking whether there were
15 other instances other than that?

16 MR. HECKER: Do you remember --

17 A I don't -- just around that time --
18 I don't remember any specific conversations
19 where we sat down and talked about this, no.

20 Q At any point in time?

21 A No.

22 Q Do you remember any conversation
23 with Ripple employees?

24 A I remember speaking with Ripple
25 employees. I don't remember any specific

1 conversation where we sat down and talked
2 about the content of this or even just the
3 broader kind of classification.

4 Q Do you recall generally what was
5 discussed?

6 A I think it was --

7 MS. COWAN: One moment --

8 MR. HECKER: -- discussions with
9 lawyers do you think you remember.

10 A Well then, no. Typically that
11 conversation would have involved -- I'm trying
12 to think -- no, I don't.

13 Q If you had a conversation with a
14 lawyer, let me know --

15 A I did, yes.

16 Q -- but do not tell me the context of
17 it; because that's another discussion we need
18 to have whether or not those conversations
19 have been waived.

20 MR. HECKER: Maybe, we can short
21 circuit it.

22 Do you remember specific discussions
23 with lawyers?

24 THE WITNESS: I do not.

25 MR. HECKER: So it probably does not

1 matter.

2 MS. WAXMAN: I thought he just said
3 he did recall discussions with counsel.

4 MR. HECKER: I think he said he
5 generally recalls discussions with counsel but
6 does not remember any specific discussion.

7 A I do not remember any specific
8 conversations with anybody on this topic. I
9 know it was brought up. I know it came up.
10 And for the most part, I was probably involved
11 in one of the 10 lawyers that we have at
12 Ripple. And I don't remember the specific
13 conversation or the date or anything like
14 that.

15 Q Did you have any general
16 conversations with any Ripple investors?

17 A Again, if we are talking the in
18 generalities yes the topic of regulatory
19 clarity -- the regulatory picture of crypto
20 currency digit assets XRP sort of a component
21 in Ripple investment Ripple that would have
22 definitely come up.

23 Q Did the company ever make statements
24 that it believed XRP was not a security?

25 A It's possible. I don't remember.

1 Q Did you ever make those statements
2 to anyone else outside of the company?

3 MR. HECKER: Anyone else?

4 MS. WAXMAN: Outside of the company.

5 A I don't know.

6 Q Would it be a problem if XRP was
7 deemed a security?

8 MS. COWAN: Today? I mean, he's not
9 with the company anymore.

10 Q Would it be a problem for Ripple?

11 MR. HECKER: Would it have been when
12 he was there -- I don't know, that question
13 really doesn't really make a lot of sense to
14 me.

15 Q While you were at the company, was
16 there a concern that XRP could be deemed a
17 security?

18 A I don't know concern -- I think
19 there is just a search for regulatory clarity.
20 And whether that was in the securities laws or
21 commodity laws or whatever that was, I think
22 there was no guidance whatsoever in 2013 when
23 this e-mail was out there about what this is.

24 So there -- I don't know if there
25 was a preference for one thing or the other.

1 I think it was just sort of a broad analysis
2 of what this is and what it isn't.

3 And I think the only thing I recall
4 about the securities question is the tax
5 implications of moving digital assets and
6 every time the digital asset would change
7 hands, that potentially that would trigger
8 some tax payment. And therefore, would sort
9 of undermine the payment capabilities of the
10 digital assets.

11 And that's the piece I remember
12 around the securities conversation. It was
13 really more around what the securities would
14 do to the utility of XRP than anything else.

15 Q And what would it do to the utility
16 of XRP?

17 A It's very vague in what I remember
18 and I'm probably wrong at this point. It's
19 just that there's some sort of tax, like, that
20 every time -- you know, currencies move back
21 and forth and trade hands, there's not a tax
22 bill that comes along with that trading every
23 single time payments are sent around,
24 presumably. And that would not be the case if
25 it was a security; it would be like shaped

1 almost like a security moving around and it
2 would create taxes and maybe hinder the
3 functionality in the use case of digital
4 currency as we could see.

5 MS. WAXMAN: I will have this
6 marked.

7 (SEC Exhibit No. 108 was
8 marked for
9 identification.)

10 Q I'm showing you what's been marked
11 as Exhibit 108, which is an e-mail from you,
12 dated November 30th, 2013. The subject is XRP
13 distribution themes. And there is an
14 attachment on the e-mail as well.

15 Take a moment to review it and then
16 let me know when you are done, please.

17 (The witness examined the document.)

18 A Okay.

19 Q Do you recognize what's been marked
20 Exhibit 108?

21 A No.

22 Q Is this a PowerPoint that you put
23 together?

24 A I don't know.

25 Q Who is "Susan Athey"?

1 A A professor of economics at Stamford
2 and sits on the board of Ripple.

3 Q If you turn to -- the document does
4 not have page numbers -- but the slide that
5 starts with "long-term stage of Ripple."

6 A Okay.

7 Q What is your understanding of Phase
8 1.

9 A Well, I wouldn't -- well, I think,
10 again, maybe to set context here. A lot of
11 the discussions that we had with Susan, pretty
12 academic. She's a professor of economics.
13 And so, her expertise is in market place
14 dynamics and how markets develop.

15 I suspect, the shape of this
16 conversation was how to develop and market XRP
17 around the ecosystem for what we were trying
18 to do.

19 So, my understanding of the first
20 part of this question -- or the first bullet
21 point is exactly sort of that it's just in the
22 earliest days when there isn't anything yet
23 built out, the source of liquidity may largely
24 come from speculators.

25 MR. DANIELS: What do you mean by,

1 "there isn't anything built out"?

2 THE WITNESS: The ecosystem. There
3 aren't endpoints to use it, there aren't
4 merchants to accept it, there aren't payment
5 networks that are using it. Just like sort of
6 with any other crypto currency story or any
7 sort of new asset story.

8 Q At the time that you sent the
9 e-mail, what stage was Ripple at?

10 A I don't know. I would suspect;
11 Number 1, I guess; but I don't know. As I
12 said, surely any time Susan Athey's named in
13 an e-mail thread, I'm going to assume that
14 it's very academic discussions and pretty
15 theoretical.

16 Q Why do you think Ripple was in Phase
17 1 at that point?

18 A Because it was so early.

19 Q At that time were there any -- how
20 could XRP be used?

21 A You could send it, you could buy it,
22 you could sell it, you could trade it, you
23 could use it to run the network.

24 So those were the primary ways.

25 Q Were most people purchasing XRP for

1 speculative purposes?

2 A I don't know.

3 Again, to emphasize that last point.

4 You could also use it to run the network just

5 to clarify that. If you wanted to build

6 anything on the XRP Ledger really that Ripple

7 D, decentralized database, typically a

8 developer or someone wants to put something in

9 it, has to have XRP as well.

10 Q XRP could be used as fuel for the

11 transactions on the ledger?

12 A Not just the transaction. But XRP

13 Ledger is but one technical capability within

14 Ripple D. Ripple D is just a database. And

15 so, any change in the database, has to be

16 governed by XRP. And so, it really just --

17 it's a technical tool.

18 So, if you want to put something in

19 a distributed database for whatever reason --

20 I don't know, there are lots of ideas -- you

21 would have to have XRP to use it to build into

22 the system.

23 Q If you turn to the slides. Was the

24 company concerned about overhang, XRP

25 overhang.

1 A The company, I don't know. It was
2 something I thought about.

3 Q Did you have a concern about XRP
4 overhang?

5 A I didn't have a concern. I saw that
6 there was sort of resistance to the crypto
7 currency world. I thought general ideas of
8 overhang.

9 Q Well, I'm talking about XRP in
10 particular.

11 A Yes.

12 Q Was there a concern with XRP
13 overhang?

14 And what is your understanding of
15 the term "overhang"?

16 A Okay. And also, was there a
17 concern -- was there a concern on my behalf?

18 Q Yes.

19 A Okay. I didn't really think about
20 it -- first of all, "overhang," I think is
21 just the possibility of a large supply
22 entering the market, which could suck up
23 liquidity, drive the price down and really
24 sort of hinder the market around, the function
25 of the market around the asset.

1 That's my understanding of
2 "overhang" -- overhang of supply.

3 Your question was, Was I concerned?
4 I wasn't so much concerned as it was a
5 headwind that was out there in sort of the
6 crypto world.

7 Again, this is early. I don't know
8 what time frame this is; but I think it is
9 2013. So the noise or chatter around what was
10 happening with XRP, this would be a theme or
11 reoccurring criticism of XRP. And so, I would
12 have been thinking about ways to address that.

13 So, I don't know if that was a
14 concern; but it was a headwind that I would
15 have been focused on trying to resolve.

16 Q And when you say a "headwind," what
17 do you mean?

18 A For adoption.

19 Q Would this be a reason why people
20 would not want to purchase XRP?

21 A Any of the -- yes. I think
22 purchase, build on the XRP Ledger, any of the
23 sort of things that I mentioned earlier.

24 Q Was there a concern that Ripple
25 could sell it's XRP into the market at any

1 point in time?

2 A Was there a concern -- just could
3 you clarify that? Was there a concern by me,
4 by the public at large, by the company; what
5 do you mean?

6 Q Anyone?

7 A I don't know.

8 Q Did you have a concern?

9 A I did not have a concern.

10 Q Were potential purchasers concerned
11 that Ripple could sell XRP into the market at
12 any point?

13 A Investors in Ripple --

14 Q No. As a potential purchaser of
15 XRP?

16 A Okay. I don't know.

17 Q Did you propose any solutions to
18 addressing the concern?

19 A Probably. I can't remember. There
20 were different times where we were focused on
21 this, and where we weren't focused on it.

22 Q At any point in time, did you
23 propose anything that would address these
24 overhang concerns?

25 A Well, we did work on an escrow for

1 XRP. I'm trying to think if there was
2 anything else. I know this sort of fired up
3 around Jed McCaleb leaving the company and
4 sort of threatening to sell all of his XRP.
5 So that became sort of an in issue and
6 probably spent time thinking about it too.

7 Q If you turn to the slide that says
8 "speculators." The very last bullet says,
9 "speculators are speculating on Ripple Labs."

10 A Okay.

11 Q Do you understand what that means?

12 A No. I could venture a guess; but I
13 don't know.

14 Q Does it refer to speculators in XRP?

15 A Looking at the document, I would say
16 yes.

17 Q Did purchasers of XRP believe that
18 XRP -- by purchasing XRP they were investing
19 in Ripple Labs?

20 A Well, definitely -- well
21 definitely -- well, no. I don't know what
22 they thought; but that's not what they were --
23 they weren't buying shares in Ripple.

24 Q Did people have an understanding
25 that XRP speculators were speculating on

1 Ripple Labs, people at the company?

2 A No, I don't think that that's how
3 anybody thought about it.

4 Q Why not?

5 A I think that the premise is here is
6 just that -- why not? Why aren't people -- I
7 think I'm losing -- maybe just rephrase. I
8 don't know.

9 Q Well, the document says,
10 "speculators are speculating on Ripple Labs."

11 A Yes.

12 Q So, we agreed it's likely talking
13 about speculators in XRP?

14 A Yes.

15 Q And this is the document that was
16 distributed to Susan Atheys. She's on the
17 Ripple's board. Was this something that was
18 discussed with Susan --

19 A I'm not even sure that she was on
20 the board at this point in time, 2013. She
21 may not have been. She was sort of around and
22 actively involved in the crypto space and did
23 a lot of --

24 MR. HECKER: Sorry. I think the
25 question was, Was it discussed with the board?

1 There may be more questions; but I think that
2 is the question.

3 A I don't think it was discussed with
4 the board.

5 Q Did you discuss with anybody the
6 idea that speculators in XRP were speculating
7 on Ripple Labs?

8 A No.

9 Q It's included in this document that
10 you forwarded --

11 A Yes --

12 Q -- and then you write in the e-mail,
13 "as promised here's the summary of the themes
14 we touched on during our call Wednesday" --

15 A Yeah --

16 Q -- do you remember the call you were
17 talking about?

18 A I don't remember the call, no.

19 MR. DANIELS: Just given context of
20 this slide. If you look at the first bullet
21 point, it talks about, "building out the
22 commercial use of the network."

23 Do you see that?

24 THE WITNESS: Yes.

25 MR. DANIELS: And then, in the last

1 bullet point, it talks about giving Ripple
2 Labs six months and saying --

3 THE WITNESS: The -- okay.

4 MR. DANIELS: That, "if you're
5 holding XRP, you should want Ripple Labs to
6 retain XRP for business development."

7 Just reading this in the context,
8 do you think it's talking about speculators
9 speculating on Ripple Labs building out the
10 ecosystem around XRP?

11 THE WITNESS: I think this is like a
12 talk-slide, you know, you read this and there
13 is probably talking points around it. So, I
14 don't really know what is meant by "give
15 ourselves six months."

16 Also, sort of down in the middle
17 paragraph as well, the middle bullet as well.
18 I just -- I could even say, you know, I -- the
19 speculators speculating on Ripple -- I -- it
20 could have been just, you know, again broadly
21 speaking trying to build utility. And in all
22 of these projects there's different companies
23 trying to build out utility in different
24 crypto currencies.

25 MR. DANIELS: Right and people are

1 speculating XRP --

2 THE WITNESS: Well, I don't -- I
3 think they're speculating -- sorry let you
4 finish.

5 MR. DANIELS: I mean, is it fair to
6 say that at the time there were some people
7 who were speculating in XRP?

8 THE WITNESS: Yes.

9 MR. DANIELS: And you said, Ripple
10 Labs is trying to build out the utility of
11 this entire ecosystem around XRP --

12 THE WITNESS: Right --

13 MR. DANIELS: -- is that correct?

14 THE WITNESS: Yeah --

15 MR. DANIELS: So, is it possible
16 that you're saying speculators are investing
17 in XRP in part due to Ripple Labs building out
18 this ecosystem?

19 THE WITNESS: In part, like -- I
20 mean, like, collectively, I think it's just
21 the same argument you would make in any
22 speculative bed for any of these crypto
23 currencies I suspect. I mean, I'm not in the
24 head of these investors or buyers of crypto
25 currencies. I don't know exactly what they're

1 thinking.

2 So I'm not totally sure. I don't
3 know what the talk track was on top of this.

4 MR. DANIELS: To close the loop on
5 what you said. The last thing you said, you
6 don't think that speculators were speculating
7 on Ripple Labs.

8 And I think where we have just ended
9 up is they may have been speculating in part
10 based on Ripple Labs building out the
11 ecosystem.

12 THE WITNESS: Okay.

13 MR. DANIELS: Is that fair?

14 THE WITNESS: I don't -- I'm,
15 specifically, not saying that they are
16 investing -- they're speculating on Ripple
17 Labs and solely on Ripple Labs. I'm saying
18 their speculating on maybe the ecosystem and
19 maybe key players in that ecosystem. But I'm
20 not saying their speculating on XRP and that
21 equals speculating on Ripple Labs, no.

22 And then in -- at this point in
23 time, I think there's -- I don't even know if
24 like a -- there's a lot of promise in all of
25 these different crypto currencies for sort of

1 natural ecosystems to emerge and I don't think
2 we knew how difficult that would be whether
3 that would be possible, if it wasn't gonna be.
4 It just -- so, to answer your question, I
5 don't know. I don't know. I don't know if
6 that's really what I'm saying there. What the
7 document says.

8 BY MS. WAXMAN:

9 Q Who else would have put together
10 this attachment?

11 A I think this would have potentially
12 been Phil as well. It could have been Phil,
13 it could have been --

14 Q Phil Rappaport?

15 A It could have been me. It could
16 have been Phil on my team.

17 Q So, either you or Phil Rapoport put
18 together the attachment?

19 A I suspect; but I don't know.

20 Q Would you have discussed it with
21 Phil?

22 A Probably.

23 Q What was Phil Rapoport's role?

24 A I believe his title was head of
25 markets and trading.

1 MS. WAXMAN: I will have this marked
2 as Exhibit 109.

3 (SEC Exhibit No. 109 was
4 marked for
5 identification.)

6 Q Showing you what's been marked as
7 Exhibit 109, which is an e-mail string from
8 November 2013 with an attachment that's called
9 "Ripple of primer."

10 Take a moment to review it and let
11 me know when you are done.

12 (The witness examined the document.)

13 Q I'm going to ask you about page 12
14 of the document.

15 A Skip ahead?

16 Q Yes, skip ahead. Take a look at the
17 document and focus on page 12.

18 (The witness examined the document.)

19 A Okay.

20 Q Do you recognize the attachment?

21 A I do.

22 Q Is this something that you drafted
23 or helped to put together?

24 A I did.

25 Q Did you draft this document?

1 A I don't know if I drafted it; but I
2 helped put it together.

3 Q Are there specific portions of the
4 document that you wrote?

5 A I don't know.

6 MR. HECKER: He didn't read it. He
7 went to the end.

8 Q Please, take a --

9 MR. HECKER: Do you want to know
10 whether there are portions that look to him
11 like he may have drafted them --

12 Q -- take a look.

13 (The witness examined the document.)

14 A I'm not sure. I don't know.

15 Q Turn to page 12. Second paragraph
16 on top:

17 "Ripple Labs hopes to make money
18 from XRP if the world finds the Ripple network
19 useful and broadly adopts the protocol."

20 A Okay.

21 Q Was that your understanding at the
22 time?

23 A Yes.

24 Q At the time, did the company
25 anticipate having revenue from the other

1 source?

2 A Yeah, I -- I will just repeat what I
3 said earlier. I don't -- I think the company
4 had vision grand ideas about how else it could
5 make money. I think the most clear way that
6 it would make money was with XRP.

7 Q And how would it make money from
8 XRP?

9 A Selling it.

10 Q And would it make more money if the
11 price of XRP increased?

12 A Okay, if it sold one XRP and the
13 price increased, then it would make more money
14 off that one XRP sale.

15 Q If they sold a lot of XRP and
16 increasing prices, would they make more money?

17 A Not necessarily.

18 Q Why not?

19 A Because the volume would have to
20 move with that as well.

21 Q Well --

22 A In fact, if they sold a lot of XRP
23 without increasing volume, the price would go
24 down.

25 Q Did you discuss with anyone at the

1 company ways to mitigate the impact of
2 Ripple's XRP sales and their affect on XRP
3 price?

4 A Probably -- I don't know. I don't
5 remember; but probably, yeah.

6 Q As part of your role in managing XRP
7 sales, was there generally a concern at the
8 company that Ripple sales of XRP could have
9 caused a downward pressure on price?

10 A Yes.

11 Q Okay.

12 And why was that a concern?

13 A Just going back to the value, we're
14 trying to create a useful asset that -- whose
15 utility is sort of grounded in volume and
16 distribution. Adoption and price is a
17 component of that. So price is something we
18 talked about.

19 Q What did the company do to mitigate
20 the risk of downward pressure on the price
21 from XRP sales?

22 A So, I don't know how much we
23 spent -- energy we spent just on the top of
24 price. But I do think we talked about the
25 value and the overall picture of liquidity and

1 we would -- so maybe just to clarify. So, we
2 did spend time thinking about the impact on
3 the liquidity picture when we sold XRP.

4 So, I don't -- as far as what
5 concrete steps we took, I don't.

6 Q When you say the "liquidity
7 picture" --

8 A Right --

9 Q -- are you talking about volume and
10 price?

11 A Yes.

12 Q Okay.

13 And what specific things did you
14 discuss that you would do to mitigate the risk
15 on volume and price?

16 A Well, it was really the only thing
17 we could do is -- it's just a function of how
18 much we sold or did not sell.

19 Q So, would you decrease selling at
20 certain points?

21 A I don't -- I don't know if it was
22 something we actively did. Like, I don't know
23 if the volume was going down or the price was
24 going down we would sort of ease off the gas.
25 It's just I don't -- I don't think -- I think

1 it was something we were doing the best we
2 could to mitigate and the sort of the impact
3 on; but -- yeah.

4 Q While you were in charge of managing
5 XRP sales, how do you not know what the
6 company was doing to mitigate this risk --

7 MR. HECKER: Wait. Wait. Wait.
8 Daphna, that's not fair. You're just arguing
9 with him. I mean, if you want to pose another
10 question, go ahead but he's trying to tell
11 you --

12 Q Did you have --

13 MR. HECKER: Wait. He is trying to
14 remember what they discussed. He is telling
15 you what they discussed.

16 Q Did you discuss with Miguel Vias
17 specific strategies that would mitigate the
18 risk of, you know, any pressure, downward
19 pressure, on XRP's price as a result of Ripple
20 sales of XRP?

21 A Yes.

22 Q And what did you discuss with him?

23 A Well, I think -- I can't remember
24 what I discussed with him so much as what we
25 did, which was -- well, what we discussed was

1 trying to have a smaller footprint in the
2 market as possible. So that if we sold that,
3 you know, the bid size and spreads between
4 bids and us weren't affected in a material way
5 and that volumes weren't sort of taken down
6 out of the market and the price wasn't moving
7 because of the activities we were doing.

8 Q If the price went up, could you sell
9 less into the market?

10 A Yes.

11 Q Was that something that you
12 discussed with Miguel?

13 A It's possible. Most likely; but I
14 don't remember.

15 Q Is that one scenario in which you
16 could mitigate the risk of downward pressure
17 by decreasing XRP sales?

18 A Yes.

19 Q Did Ripple sell XRP in order to meet
20 specific requirement funding requirements by
21 the company?

22 A Yes.

23 Q Were you involved in that?

24 A Just to be clear on the term
25 "funding." To me funding, from a business

1 development perspective, like financing, going
2 out and raising money and I don't -- that was
3 not part of that.

4 So, as far as cash flow to meet
5 budget needs, yes. If that is your question
6 around funding yes.

7 Q So, Ripple would sell XRP in order
8 to meet it's cash flow needs?

9 A Yes.

10 Q And how much were you told what
11 Ripple's funding needs were on any sort of
12 regular basis?

13 A Yes.

14 Q And who told you?

15 A It would have come from the finance
16 department. I don't know who or what time.

17 Q And did that dictate how much XRP,
18 the company would sell?

19 A Well, it wasn't the sole source of
20 cash for the company; but I believe so, yes.

21 Q So, at the time, was there a balance
22 between generating enough money for the
23 company verse not having a negative impact on
24 the price of XRP?

25 A I think so, yes.

1 Q And how did you manage that?

2 A Well, I mean, I think the difficulty
3 of managing that is that sort of some of these
4 things are unmeasurable and unknowable. And
5 so, I think we would try to understand that
6 just operating on basic principles of more
7 supply of demand equal to sustain equal will
8 have an impact on volume and price. And so
9 that was sort of the premise of a lot of
10 things we did.

11 Q Was there a recognition that if XRP
12 price increased that you wouldn't have these
13 issues because you wouldn't have to sell as
14 much?

15 A Which issues?

16 Q The issues of downward pressure as a
17 result of Ripple sales of XRP?

18 A Well, I don't know that -- I
19 couldn't say to you whether or not Ripple
20 sales of XRP had any impact on price or volume
21 within the XRP markets. I think it would be
22 pretty hard to quantify to make that case.

23 Q Did anyone at the company ever think
24 that Ripple sales had a downward effect on XRP
25 price?

1 A Okay.

2 I think people had ideas that that
3 could be the case. Yes.

4 Q Did the company try to impose
5 restrictions on XRP sales by large XRP
6 holders?

7 A Yes.

8 Q And why did they do that?

9 A For the same reason. The reason
10 being to prevent against negative sort of
11 forces or downward pressure, as you said, on
12 volume, liquidity and the price.

13 Q The third paragraph says:

14 "The company will retain a portion
15 with the hope of creating a robust and liquid
16 market place in order to monetize it's only
17 asset sometimes in the future."

18 A Okay.

19 Q Is that talking about XRP?

20 A Okay. So, two things to say here. I
21 think the answer is, Yes, I think that's
22 talking about XRP.

23 The second thing I would say is,
24 This like "about" blurb on Ripple Labs, it has
25 gone through so many iterations that I'm sure

1 it was changed, at a certain point changing
2 every day.

3 So just for context, like, I think
4 it's important context the "about" blurb and
5 the definition of the company and how people
6 talked about it was constantly in evolution
7 especially in 2013.

8 Q This document was sent in November
9 2013. Do you have any reason to believe that
10 this document, that at the time this wasn't
11 Ripple Labs business modo with respect to XRP?

12 A I -- it was just of a certain fluid,
13 you know. It was very fluid. It was
14 something that we were trying to understand
15 ourselves; and so I think that is sort of the
16 reality.

17 Q Who is --

18 A Yeah.

19 MS. WAXMAN: Strike that.

20 Q Do you know how this document was
21 used?

22 A It was educational about here's what
23 Ripple is and we found ourselves saying the
24 same things over and over again; so we built
25 this document to try and not have to say the

1 same things over and over again.

2 Q And who did you distribute this
3 document to?

4 A I think it could have been a number
5 of different entities -- yeah.

6 Q Is it fair to say it had widespread
7 distribution?

8 A I think so.

9 MS. WAXMAN: It's 1:05, let's go off
10 the record for lunch.

11 (Whereupon, at 1:05 p.m., a luncheon
12 recess was taken.)

13 A F T E R N O O N S E S S I O N

14 MS. WAXMAN: On the record at 2:02.
15 I will have this marked as Exhibit 110.

16 (SEC Exhibit No. 110 was
17 marked for
18 identification.)

19 Q Mr. Griffin, are you familiar with
20 an entity called XRP 2?

21 A Yes.

22 Q What is "XRP 2"?

23 A It's an institute that is, I think,
24 registered in South Carolina and Ripple sold
25 XRP through XRP 2.

1 Q Why do purchasers purchase XRP
2 through XRP 2?

3 A I -- I don't remember.

4 Q Who are the purchasers who are
5 purchasing XRP from XRP 2?

6 A Who are they? I don't know who they
7 all were.

8 Q No. In June, who are the purchasers
9 of -- who enters into agreements with XRP 2 to
10 purchase XRP?

11 MS. COWAN: During his time at the
12 company since he's not there.

13 MS. WAXMAN: Yes.

14 A Well, I think it's -- I don't know
15 if it's people, entities -- say entities that
16 were interested in buying XRP.

17 Q Were they hedge funds? Did they
18 include hedge funds?

19 A I don't know. I don't remember. I
20 don't even know if all XRP sales went through
21 XRP 2; but I think they may have involved
22 hedge funds, private people and -- I don't
23 know if it's hedge funds or some kind of
24 investing fund.

25 Q Earlier, you spoke about XRP sales

1 falling into two buckets, problematic sales
2 and OTC sales?

3 A Yes.

4 Q Were the OTC sales pursuant to an
5 agreement between Ripple and XRP 2?

6 A I believe so, yes.

7 Q When was XRP established?

8 A I don't remember. I recall it being
9 sort of fairly on; but I don't remember.

10 Q I would like to show you what's been
11 marked as Exhibit 110, which is a document
12 with the title "information regarding XRP 2
13 LLC's history and business."

14 A Okay.

15 (The witness examined the document.)

16 Q Do you recognize what's been marked
17 as Exhibit 110?

18 A No, I just --

19 Q Do you need a little more time to
20 take a look at the document?

21 A Okay, I'll take a look at it.

22 (The witness examined the document.)

23 A Okay.

24 Q Why were XRP's customers purchasing
25 XRP?

1 A What's "XRP's customers" -- what's
2 "XRP"?

3 Q If you turn to page 3 out of four
4 the middle paragraph titled "current and
5 future customer base."

6 A Okay.

7 Q It says:

8 "XRP LLC has a customer base
9 consisting primarily of companies and in
10 limited cases accredited institutional
11 investors who are purchasing XRP for
12 speculative purposes."

13 A Okay.

14 Q Was that your understanding as well?

15 A Yes.

16 Q At the time --

17 A By the way, I don't know if that's
18 the sole reason XRP 2 was created. But I know
19 the purchasers of XRP consisted of speculative
20 buyers.

21 Q So, were those purchases made
22 through agreements with XRP 2 only meant to be
23 for speculation?

24 A I don't know if that's the only
25 reason why XRP 2 was created. Like for

1 example, if financial institutions wanted to
2 buy XRP at large quantities, I would suspect
3 it would go through XRP 2; but I'm not totally
4 sure.

5 Q Did you understand any of XRP
6 customers were purchasing XRP to actually use
7 it?

8 A I don't -- I don't remember -- I
9 don't -- I don't -- no, I don't know.

10 Q Is the answer "no"?

11 MR. HECKER: He said he doesn't
12 know.

13 A I don't remember.

14 Q So, you don't recall whether people
15 who entered into agreements with XRP 2 were
16 purchasing XRP to use it?

17 A Well -- oh, to use it, people were
18 buying it, I think, to speculate. And I don't
19 know if there was also purchasers who were
20 buying it for any other reason.

21 Q What were these purchasers
22 speculating on?

23 A I'm sorry -- they were speculating
24 on the value of XRP going up.

25 Q And --

1 A I actually do not know; it could
2 have been the other direction as well.

3 Q Did Ripple tell purchasers of XRP
4 through XRP 2 that it would seek to increase
5 the value of XRP?

6 A Not that I'm aware.

7 Q When Ripple sold XRP
8 over-the-counter, did you participate in
9 communications or discussions with those
10 purchasers?

11 A Sometimes.

12 Q And what did you discuss with those
13 purchasers?

14 A It was typically the terms of the
15 purchase -- of the agreement of the purchase.
16 So that could include the discount of the
17 price they were buying at and different
18 liquidation preference -- liquidation
19 restrictions on the purchase depending on the
20 size of the purchase.

21 Q Were there certain restrictions
22 placed on XRP that were sold to OTC?

23 A Again, I wasn't involved in every
24 single OTC sale. In particular, if we're
25 looking at this document when I was reading

1 it, I'm guessing this document comes from a
2 pretty early point in time. I was not doing
3 OTC sales in 2013, as I recall. I think that
4 was not something that I was involved in.

5 Q Who was doing OTC sales in 2003?

6 A I think that would have been Chris.
7 I don't remember who else it would have been.

8 Q When did you again doing OTC sales?

9 A I can't remember.

10 Q Was it in 2005 when you started to
11 report to Brad or was it earlier?

12 A I think it might have been earlier
13 than me reporting to Brad so not 2005. I
14 can't remember the date. But right when I
15 started, I was not taking care of it.

16 MS. WAXMAN: I will have this marked
17 as Exhibit 111.

18 (SEC Exhibit No. 111 was
19 marked for
20 identification.)

21 Q I'm showing you what is marked as
22 Exhibit 111. An article I retrieved this from
23 the internet. And the titled is, Ripple Labs
24 2014, a year in review; and it's dated
25 December 22nd, 2014.

1 (The witness examined the document.)

2 A Okay.

3 Q Do you recognize what's been marked
4 as Exhibit 111?

5 A No.

6 Q Do you know who would have drafted
7 this document?

8 A I don't know who but it would have
9 come from a marketing team.

10 Q The very first sentence says:
11 "For Ripple last 2014 was the year
12 in which we not only clarified our strategy
13 for building the internet of money but also
14 made large strides in turning the vision into
15 reality." Do you know what was meant by --
16 do you know how the company clarified it's
17 strategy?

18 A I think it was large -- I think it
19 speaks to the middle section here.

20 Q What page are you referring to?

21 A It doesn't have page numbers; it's
22 the document with the sort of semi-circle in
23 the top.

24 Q What paragraph are you referring to?

25 A Towards the bottom, center in May we

1 announced our partnership with Fidor,
2 F-I-D-O-R, Germany Fidor Bank. The first
3 initial institute to integrate digital
4 protocol. And then I think it goes on to talk
5 about the conference we had attended from
6 SWIFT, the Sibos Conference, in the fall as
7 well.

8 Q Is that the conference you referred
9 to earlier during --

10 A Yes --

11 Q -- your testimony?

12 A Yes.

13 Q Is it fair to say in 2014 the
14 company shifted it's focus to a more
15 enterprised use of the ledger?

16 A I don't know that it -- I would just
17 say it narrowed it's focus as opposed to it
18 wasn't like a pivot. I think we were always
19 talking to enterprises; but I think it became
20 a widow down of what is working and what is
21 not and a narrowing of the options.

22 Q When did the company focus on using
23 XRP for payments?

24 A Well, I would say from the very
25 beginning XRP that has been rooted in the